Financial Results

1H 2016

August 2016

The Wellness Company™

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Stefano Zanelli, the Manager in charge of preparing the corporate accounting documents, declares that, pursuant to art. 154-bis, paragraph2, of the Legislative Decree no. 58 of February 24, 1998, the accounting information contained herein correspond to document results ,books and accounting records.

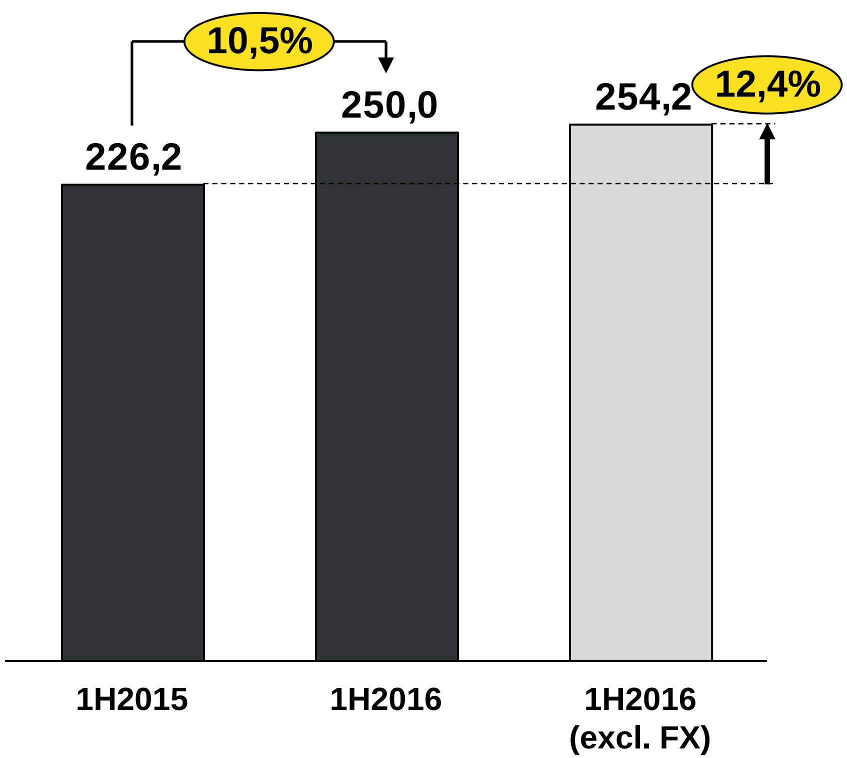
CEO Remarks

Financial Results 1H2016

Revenues showing double-digit growth

Overview of key performance indicators

Revenues (€m)



Key comments

Positive volume effect primarily coming from

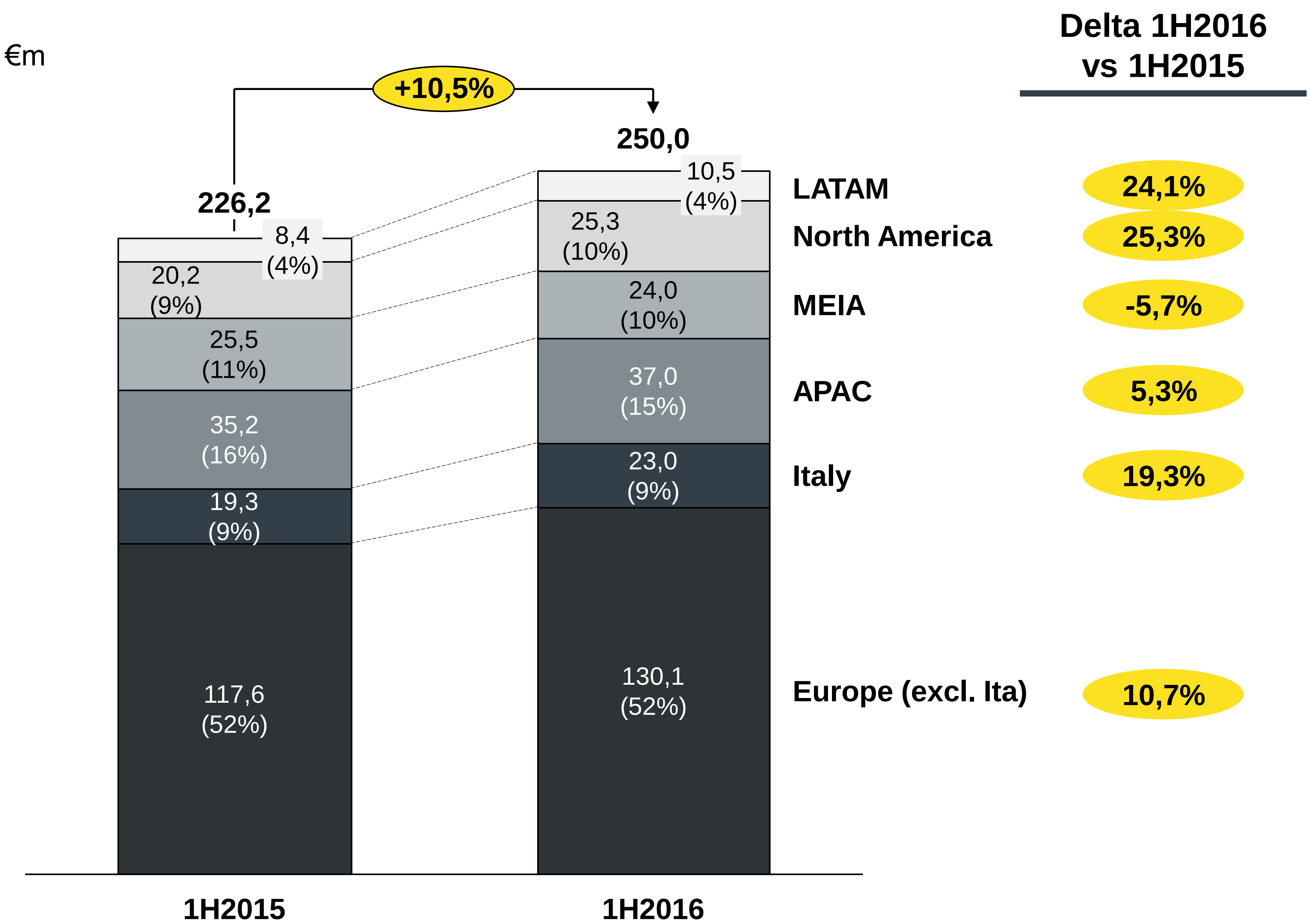
- Salesforce effectiveness
- New product launches (Group Cycle, MyRun, Skillmill)
- Sound growth in key markets covered by owned subsidiaries

Excluding FX impact, revenue growth would have been 12,4%

- Major negative impact from GBP, BRL and RUB

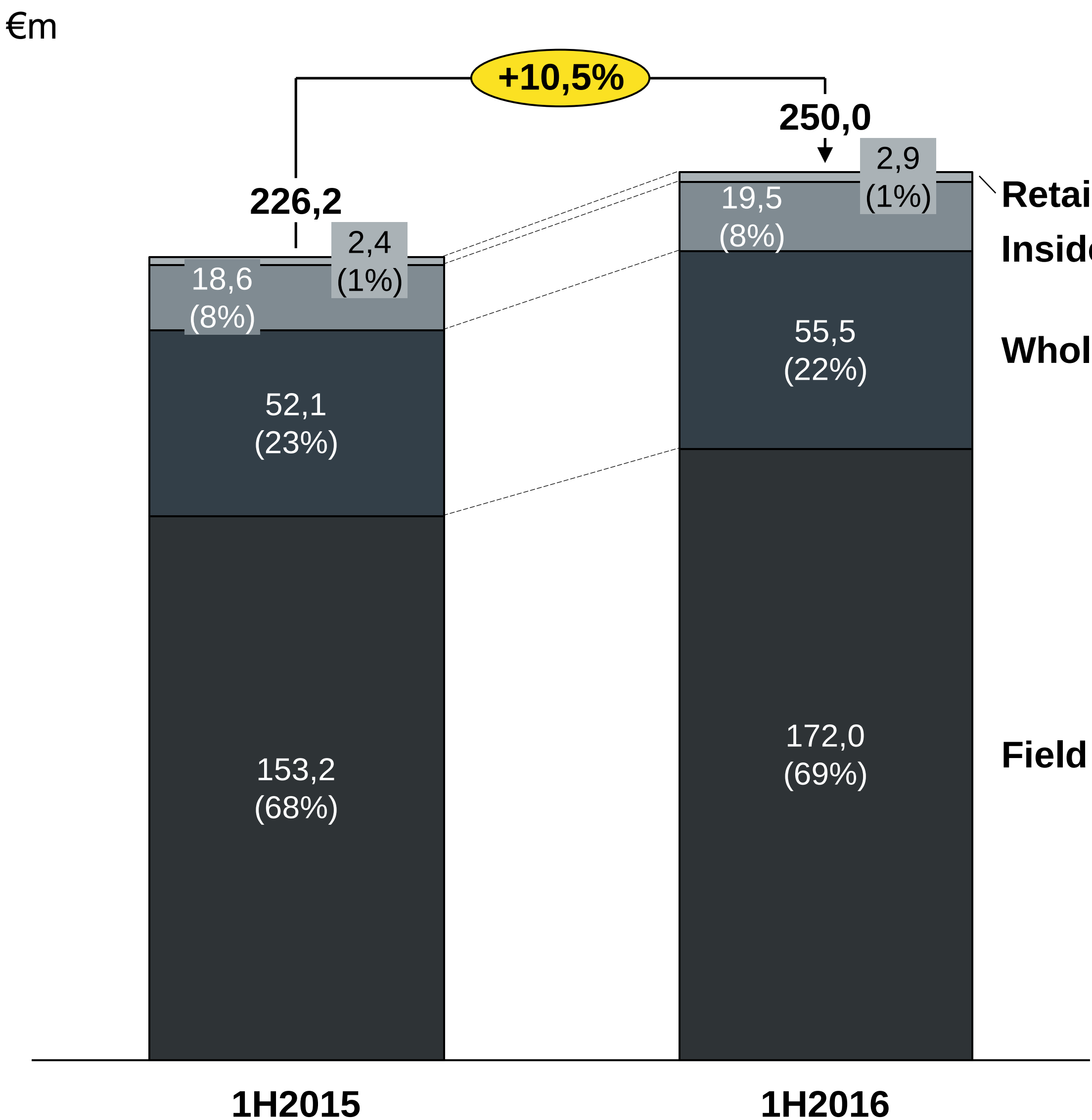
Revenue growth stemming primarily from NA, EU and Italy

Revenue breakdown by geography



All channels contributing to revenue growth ("omni-channel")

Revenue breakdown by channel

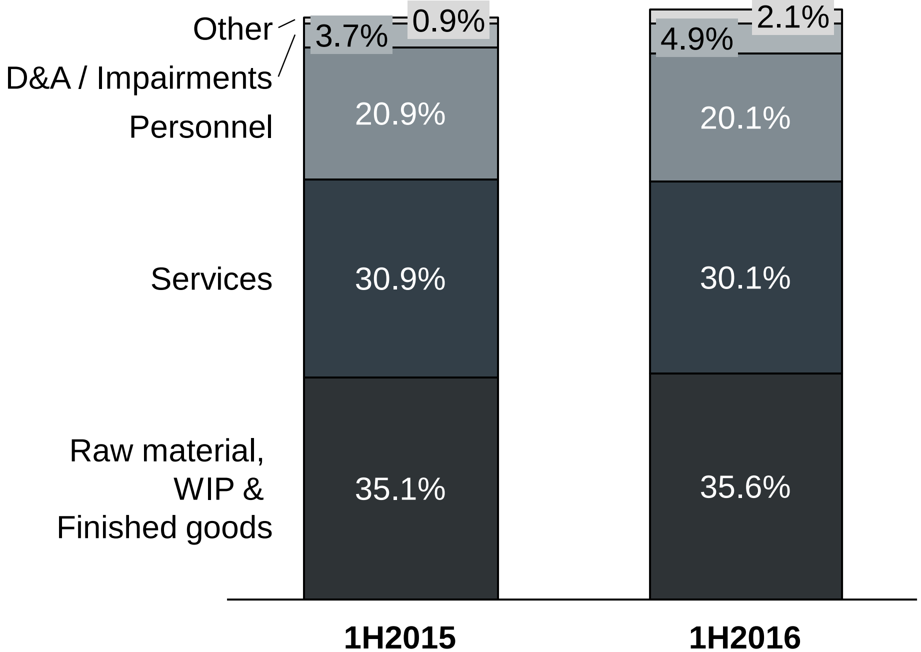


	Delta 1H2016 vs 1H2015
Retail	23,8%
Inside Sales	5,1%
Wholesale	6,6%
Field Sales	12,3%

Cost base impact almost in line with Y-1 performance excluding non-recurring costs

Cost base evolution (% on rev)

	1H2015	1H2016
Cost 1H	**€207m**	**€232m**
% on rev	**91,6%**	**92,9%**



Excl. non-recurring

Cost 1H	**€206m**	**€227m**
% on rev	**91,1%**	**90,9%**

Key comments

D&A / Impairments
- Increase in absolute terms mainly due to R&D investment and TG Village acquisition

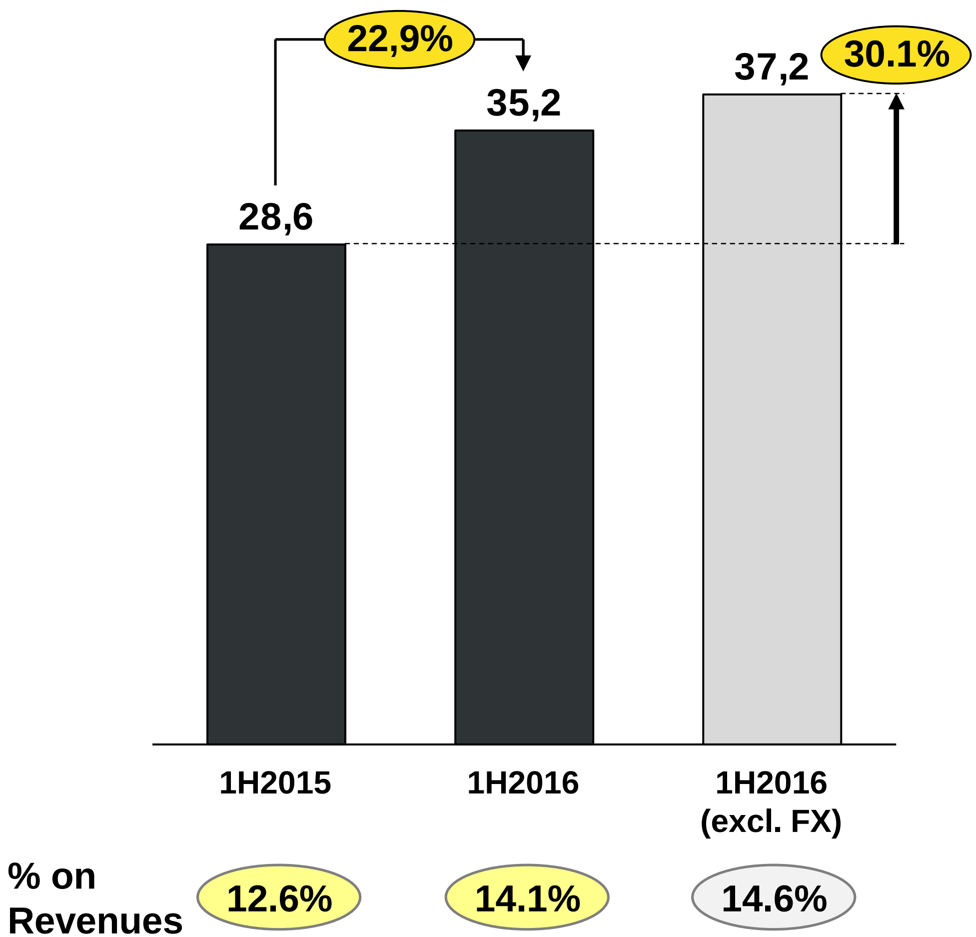
Personnel cost
- 1 p.p. decrease thanks to production processes' optimization (SK plant) and internal staff reorganization

Services cost
- Logistics optimization
- Rent and consultancy cost reduction

Raw Material, WIP & Finished Goods
- 0,5 p.p. increase in overseas custom duty

EBITDA growing at ~23% vs Y-1 with positive impact on profitability (14,1% vs 12,6% of Y-1)

EBITDA evolution (€m)



Key comments

EBITDA margin increase thanks to

- operational leverage from the increase in sales volume
- optimization of production processes with positive impact on manufacturing direct costs
- reduction in rent costs following the acquisition of the TG Village
- tight control on Opex

Reduction in Trade Working Capital at 10,4% on revenues from 11,6% of Y-1

Working Capital (€m)

€m	Jun 2015	Jun 2016
Inventories	67,4	68,0
Trade receivables	76,8	88,6
Trade payable	(87,2)	(100,8)
Trade Working Capital	**57,0**	**55,9**
% LTM of total revenue	11,6%	10,4%
Other current assets/(liabilities)	(38,6)	(26,8)
Current tax liabilities	(10,4)	(4,4)
Provisions	(9,2)	(16,4)
Net Working Capital	**(1,2)**	**8,4**
% LTM of total revenue	*-0,2%*	*1,6%*

Inventory turnover[1]	5,4	6,0
Day sales outstanding[2] (DSO)	45,8	53,6
Day payables outstanding[3] (DPO)	90,9	100,1

Key comments

Inventories
- Largely in line with Y-1
- Finished products at €53m
- Product raw material at €13,1m

Trade receivables
- Incidence on revenues in line with previous year (16,4% vs15,6% of Y-1)
- Increase driven by higher sales
- Leasing warranties €6,6m (+€3m vs Y-1) with an equal amount accounted in financial net debt

Provisions
- Despite increase vs Y-1, provisions in line with YE 2015

Trade payables
- Increase vs Y-1 from suppliers for ITA plant

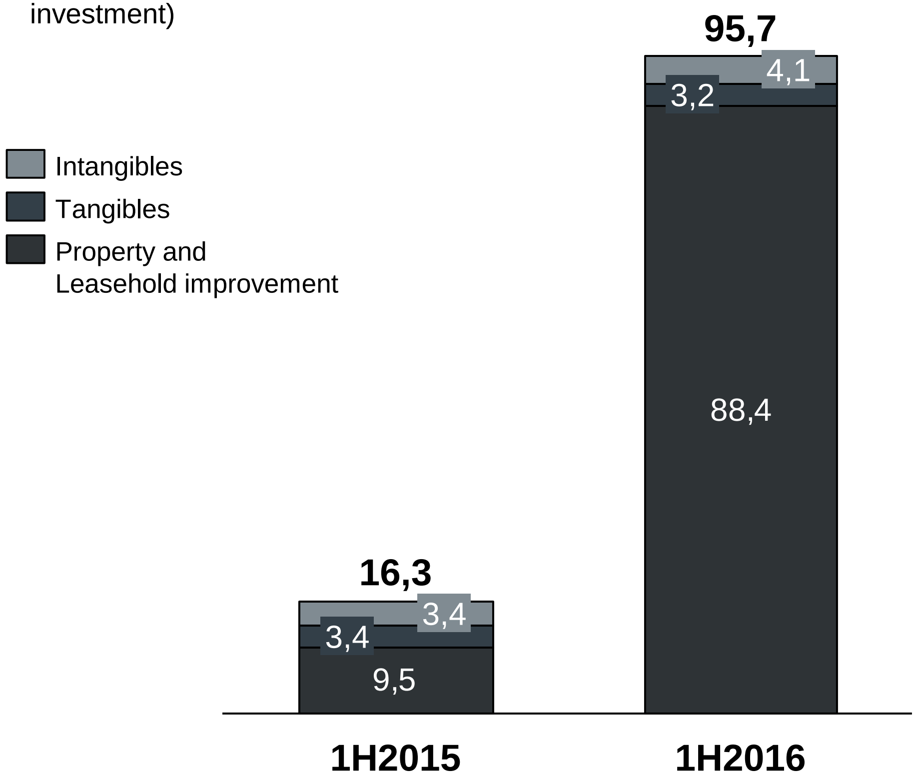
Other assets and liabilities (2016)
- Includes VAT credit of €36m from SK authorities (received in July)
- Residual debt of €21,5m from TG Village acquisition

1. Calculated as revenues for products, spares parts, hardware e software divided by gross inventory;
2. Calculated as trade receivables net of VAT (~11%) divided by revenues; 3. Calculated as trade payables net of VAT (~7%) divided by cost of products and cost of service

CAPEX would be in line with Y-1 excluding property and TG Village investments

Capex analysis (€m)

	1H2015	1H2016
% of Rev	7,2%	38,3%
% of Rev (exc. non-recurrent property investment)	3,0%	2,9%



Key comments

Property and leasehold
- In 2016 acquisition of TG Village for ~€86m
- In 2015 acquisition of 2 buildings in Gambettola (old plant location) for ~€10m

Tangibles
- Investments in industrial tools, molds and production lines

Intangibles
- Investments for innovation activities and research and development of new products

Net Financial Debt

Net Financial Debt (€m)

€m	2015-June	2016-June
Cash & cash equivalents	**(45.6)**	**(53.1)**
Current financial receivables	**(0.2)**	**(0.5)**
Current Bank debt	31.7	77.5
Current portion of non-current debt	17.7	24.8
Other current financial debt	4.1	8.2
Net current financial debt	**53.6**	**110.5**
Non current financial debt	**56.0**	**88.5**
Financial Net Debt	**63.9**	**145.4**
NFD / EBITDA (LTM12m)	*1,18x*	*1,56x*

Key comments

Cash & cash equivalents increase of ~€8m despite of cash out for

- €11m VAT payment
- €21m instalment for TGB Srl acquisition
- €21m cash out for Exerp acquisition

Current bank debt

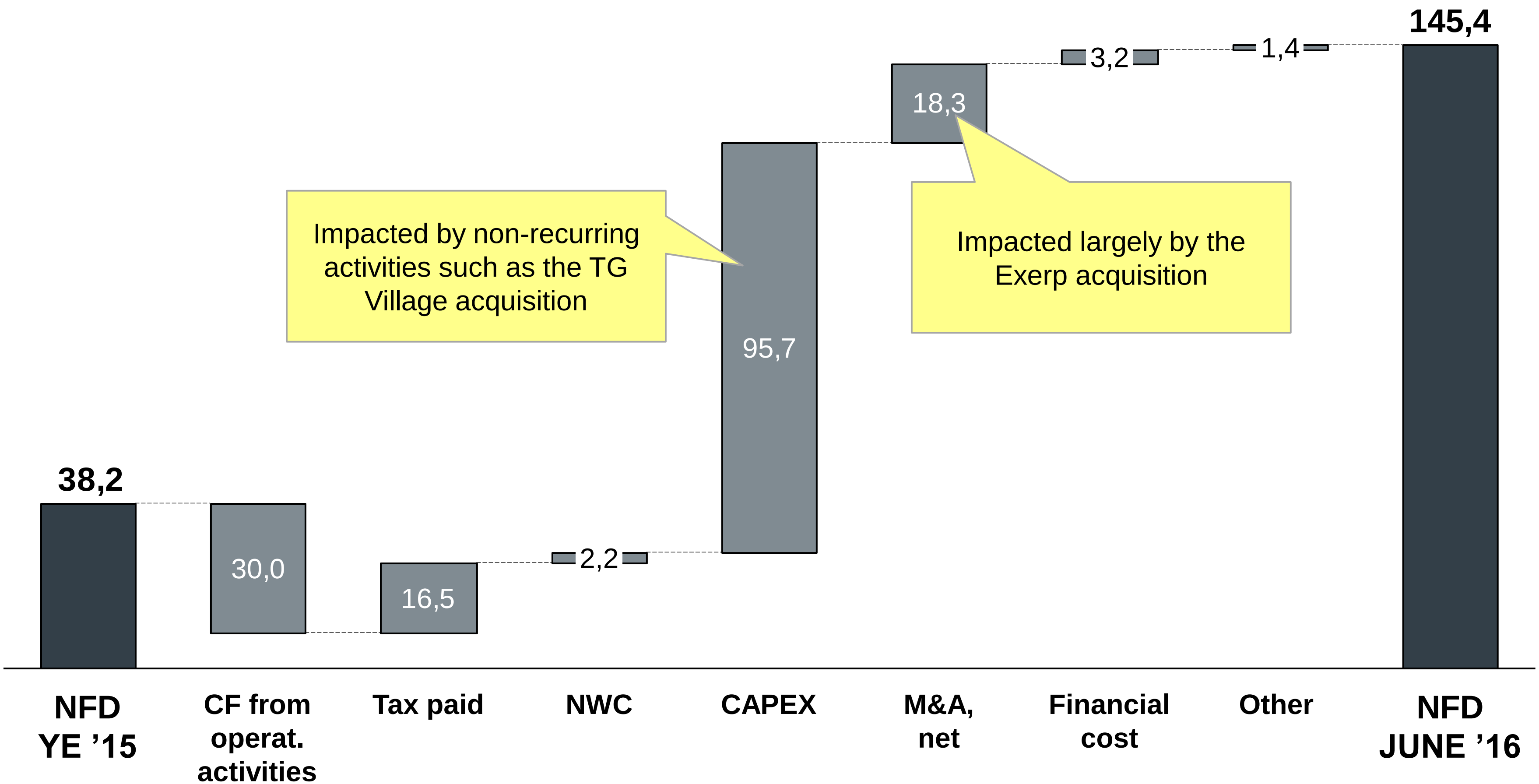
- Mainly composed of credit lines stand-by and short-term financing. As of 30/06/2016
  - Lines of credit and overdrafts uncommitted for ~81€m of which €36.5m drawn (revocable / floating rate: EURIBOR + spread)
  - Committed credit line (medium-long term) for ~€45m o/w €41m drawn (floating: EURIBOR + spread)

Current portion of non-current debt / Non current financial debt

- Flexible financial structure based on bank amortizing loans with ~2,9y duration (floating: EURIBOR + spread)

TECHNOGYM

Net Financial Debt walk



Excluding non-recurring items,
NFD would be equal to €38m in June '16, practically unchanged vs YE '15

Executive Summary

1H 2016

Revenues: €250m, +10,5% vs 1H2015 (+12,4% at constant FX) **thanks to positive volume effect coming primarily coming from**

- Salesforce effectiveness
- New product launches (Group Cycle, MyRun, Skillmill)
- Sound growth in key markets covered by owned subsidiaries

EBITDA: €35,2m, +22,9% vs 1H2015 (+30,1% at constant FX) **thanks to**

- Operational leverage from the increase in sales volume
- Optimization of production processes with positive impact on manufacturing direct costs
- Reduction in rent costs following the acquisition of the TG Village
- Tight control on Opex

Free Cash Flow[1]: equal to €20,2m (+38,9% vs 1H2015, €14,5m) excluding non-recurrent Capex

Net Financial Debt: €145,4m vs €63,9m as of June ’15 (€38,1m as of December ’15)

- Non-recurring investments in TG Village and Exerp

1. Cash flow from operating activities (pre-tax) – var. NWC – Recurrent Capex

Annexes

Profit and Loss statement

€m	Jun 2015	Jun 2016	Jun 2015 vs Jun 2016 Δ %
Total revenue	**226,2**	**250,0**	**10,5%**
Cost or raw, ancillary and consumable materials and goods for resale	(79,4)	(89,0)	12,1%
Service, Rentals and leases	(70,0)	(75,3)	7,6%
of which not-recurrent	(0,8)	(2,2)	
Personnel cost	(47,3)	(50,3)	6,4%
of which not-recurrent	(0,2)	(0,1)	
Depreciations, amortisations and write-downs	(9,8)	(10,7)	9,7%
Provision for risk and charges	1,4	(1,6)	-216,6%
Other operations cost	(2,1)	(5,3)	155,3%
of which not-recurrent	0,0	(2,7)	
Share of result joint venture	0,3	0,1	-56,7%
Net operating income	**19,3**	**17,9**	**-7,3%**
Margin (%)	8,5%	7,2%	
Financial income and (expenses)	(1,1)	(1,1)	-2,6%
Profit (loss) before tax	**18,2**	**16,8**	**-7,6%**
Taxes	(6,1)	(7,6)	25,0%
Profit (loss) before minority interest	**12,1**	**9,2**	**-24,0%**
Margin (%)	5,4%	3,7%	
Profit (loss) for the year of minority interests	(0,6)	(0,1)	-86,3%
Profit for the year	**12,0**	**9,1**	**-24,3%**

EBITDA Reconciliation

€m	Jun 2015	Jun 2016	Jun 2015 vs Jun 2016 Δ %
Net operating income	**19,3**	**17,9**	**-7,3%**
Consultantcy cost	0,2		
Consultancy cost	0,6		
IPO Cost		2,3	
Brasil tax (previous year)		2,1	
China WH litigations		0,6	
Total not recurring items	**0,8**	**5,0**	***538,4%***
Adjusted Net operating income	**20,1**	**22,9**	**13,9%**
Depreciations, amortisations and write-downs	(9,8)	(10,7)	9,7%
Provision for risk and charges	1,4	(1,6)	-216,6%
EBITDA	**28,5**	**35,2**	***23,5%***
Margin %	**12,6%**	**14,1%**	

Cash Flow statement

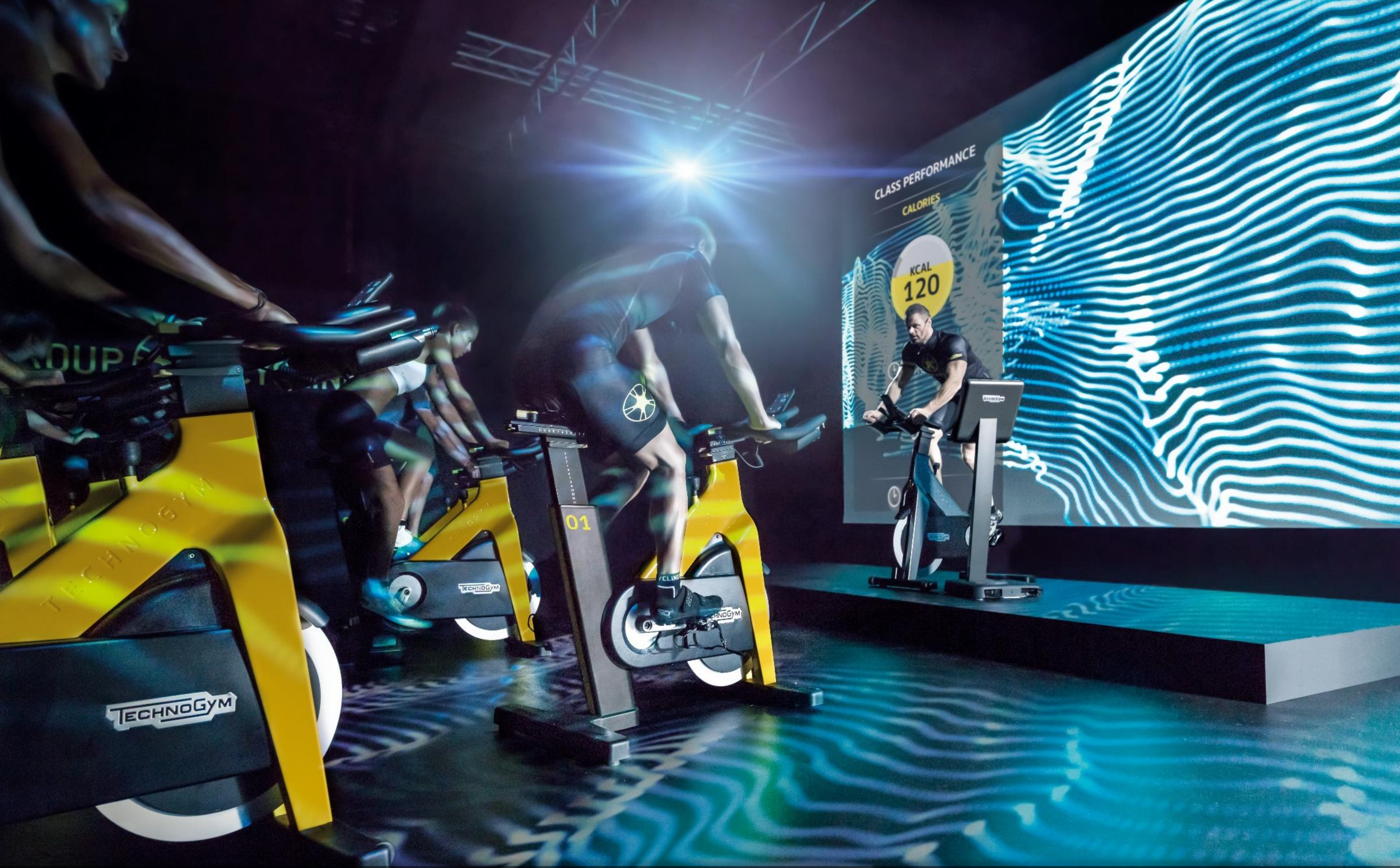
€m	Jun 2015	Jun 2016
Profit for the year	**12,1**	**9,2**
Depreciation, amortization and impairment losses	9,8	10,7
Provisions	(1,4)	1,6
Share of net result from joint ventures	(0,3)	(0,1)
Net financial expenses	1,5	1,2
Income/(expenses) from investments	(0,4)	-0,1
Income tax expenses	6,1	7,6
Cash flows from operating activities before changes in working capital	**27,4**	**30,0**
Increase (decrease) in inventory	(5,0)	(7,8)
Increase (decrease) in trade receivables	1,7	(1,3)
Increase (decrease) in trade payables	(7,1)	7,7
Increase (decrease) in other operating assets and liabilities	4,5	(22,2)
Non-recurrent fiscal payment	0,0	0,0
Income taxes paid	(4,5)	(16,5)
Net cash inflow from operating activities (A)	**17,0**	**-10,0**
Investments in property, plant and equipment	(12,9)	(24,9)
Disposals of property, plant and equipment	0,0	0,0
Investments in intangible assets	(3,4)	(4,1)
Disposals of intangible assets	0,0	0,0
Dividends received from associates	0,0	0,0
Dividends received from other entities	0,4	0,1
Dividends received from joint ventures	1,7	0,7
Dividends paid	-	-
Minority Interest	0,0	0,0
Investments in subsidiaries, associates and other entities	(0,9)	(19,0)
Disposal of subsidiaries, associates and other entities	0,3	0,0
Net cash inflow (outflow) from investing activities (B)	**(14,9)**	**(47,3)**
Proceeds from new borrowings	70,0	97,9
Repayment of borrowings	(11,0)	(9,2)
Net increase (decrease) of current financial assets and liabilities	-58,6	(43,9)
Payments of net financial expenses	1,4	(3,2)
Net cash inflow (outflow) from financing activities (C)	**1,8**	**41,5**
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)	**3,9**	**(15,8)**

Balance Sheet

€m	Jun 2015	% on Revenues	Jun 2016	% on Revenues
Inventories	67,4	*29,8%*	68,0	*27,2%*
Trade receivables	76,8	*33,9%*	88,6	*35,4%*
Trade payables	(87,2)	*-38,5%*	(100,8)	*-40,3%*
Trade Working Capital	**57,0**	***25,2%***	**55,9**	***22,4%***
Other current assets/(liabilities)	(38,6)	*-17,1%*	(26,8)	*-10,7%*
Current tax liabilities	(10,4)	*-4,6%*	(4,4)	*-1,7%*
Provisions	(9,2)	*-4,1%*	(16,4)	*-6,5%*
Net Working Capital	**(1,2)**	***-0,5%***	**8,4**	***3,3%***
Property, plant and equipment	57,5	*25,4%*	141,9	*56,8%*
Intangible assets	22,2	*9,8%*	21,5	*8,6%*
Investments in joint ventures	3,9	*1,7%*	22,3	*8,9%*
Employee benefit obligations	(3,3)	*-1,5%*	(3,1)	*-1,3%*
Other non current asset and (liabilities)	7,7	*3,4%*	7,9	*3,2%*
Net Fixed Capital	**88,0**	***38,9%***	**190,5**	***76,2%***
Net Invested Capital	**86,8**	***38,4%***	**198,8**	***79,6%***
Shareholders' Equity	22,9		53,5	
Financial Net Debt	63,9	*28,2%*	145,4	*58,2%*
Total Source of Funding	**86,8**	***38,4%***	**198,8**	***79,6%***

MYRUN TECHNOGYM

POWER PERSONAL



Group Cycle

TECHNOGYM


Skillmill
TECHNOGYM